Ministry of
Provincial Revenue

SERVICE PLAN
2002/2003 – 2004/2005

Ministry of
Provincial Revenue

February 2002

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A *New Era* of Government Service

Three-year Service Plans represent an important part of the government's commitment to open and accountable government. In August 2001, the government amended the *Budget Transparency and Accountability Act* to require government to table a three-year Strategic Plan and annual three-year service plans for ministries and government organizations with the provincial budget. These Plans will ensure government and its individual ministries clearly outline their goals, and enable British Columbians to hold government accountable for its decisions and actions.

The government's Three Year Strategic Plan articulates the government's vision: *British Columbia is a prosperous and just province, whose citizens achieve their potential and have confidence in the future.* It also establishes three strategic goals that are key to achieving the government's overall vision:

- A strong and vibrant provincial economy
- A supportive social infrastructure
- Safe, healthy communities and a sustainable environment

This Service Plan details the Ministry's mission and objectives, which support the government's strategic goals. The Service Plan also includes performance measures that will be used to assess the Ministry's progress in achieving its objectives. Ministry objectives and performance measures are a new initiative. In some cases, as planning progresses, performance measures will become more detailed as they are further developed.

After the end of each fiscal year, the ministry will prepare a Service Plan Report that will describe actual accomplishments for the year just completed. The Report will include a comparison of planned and actual results, from both a financial and performance measure perspective and allow the public to assess the government's performance.

In the years ahead, Service Plans and Service Plan Reports, prepared by government ministries and organizations, will become the key tool by which government will manage public resources to ensure government programs are contributing, in a measurable way, to key government priorities in an efficient and effective manner.

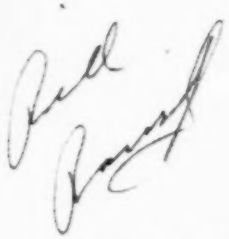
The government's three-year Strategic Plan and Ministry three-year Service Plans will guide the reform of the province's public services so they meet British Columbians' needs. Measures to revitalize economic prosperity and protect and renew public services will lay the groundwork for a future of new opportunity for all British Columbians.

Accountability Statement

The 2002/03 - 2004/05 Ministry of Provincial Revenue Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. I am accountable for the basis on which the plan has been prepared. The plan was developed in the context of the government's *New Era* commitments which are to be addressed by May 17, 2005. All material fiscal assumptions and policy decisions as of January 28, 2002 have been considered in preparing the plan and I am accountable for achieving the specific objectives in the plan.

Additionally, under the *Balanced Budget and Ministerial Accountability Act*, I am accountable for achieving the following result for 2002/03:

- Earning $7.0 million in incremental (new) net revenue from audit and revenue compliance related activity.



Honourable Bill Barisoff
Minister of Provincial Revenue

January 30, 2002

BRITISH COLUMBIA

Ministry of Provincial Revenue

I have the honour of submitting the *Service Plan* for the Ministry of Provincial Revenue for the period April 1, 2002, to March 31, 2005. This report is presented in accordance with section 13 of the *Budget Transparency and Accountability Act*.

The Ministry of Provincial Revenue performs two business functions for government:

- Tax administration and collection; and
- Debt administration and collection.

The revenues collected become the income streams used to support the delivery of all government programs. These revenues include income, consumption, resource, property and other taxes. The ministry also recovers amounts owed to government from student loans, BC Benefits overpayments, Medical Services Plan, Ambulance and other outstanding debts and receivables.

In his letter of June 25, 2001, the Premier outlined three key responsibilities for the ministry. These included:

- Integrate major sources of revenue;
- Maximize revenue collection within the principles of fairness and equity; and
- Examine cost effectiveness of collection methods and, in co-operation with the Chief Information Officer, seek opportunities for electronic transaction.

In my core service presentation of December 5, 2001, I asked and was given approval to put in place the necessary building blocks to achieve the key responsibilities of my new ministry. These include:

- A centralized collections/corporate accounts receivable system; and
- More effective processes including single business identification number, electronic filing/payment and targeted enforcement.

This Service Plan outlines the strategies to meet each of these key responsibilities and sets out how the ministry is planning to meet government's overall vision, principles and values over the next three years.

I am proud of the commitment my staff has shown in developing this three-year "roadmap," and I am confident we will achieve the planne

Honourable Bill Barisoff
Minister of Provincial Revenue

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A. Strategic Context

Our Vision

We will be the centre of excellence for revenue and debt collection in government.

Our Mission

We provide fair, efficient and equitable revenue and debt collection which supports public services to meet the needs of citizens in British Columbia.

Our Values	Our Philosophy is that we:
Accountability	• Provide leadership and set high expectations • Measure and report on our performance at all levels of the ministry
Quality Service	• Are accessible and responsive to our clients and taxpayers • Provide excellent service • Build and support partnerships with key clients
Innovation	• Seek new ways of doing business and explore new technologies
Integrity	• Behave with integrity toward taxpayers and protect their confidential information • Respect and trust our colleagues
Productivity	• Ensure all our activities add value • Avoid unnecessary complexity
Professionalism	• Commit to excellence and serving the public interest • Promote teamwork and communication • Recognize and celebrate achievement • Pursue learning opportunities and promote personal growth

B. Planning Context

The factors which present challenges, opportunities and risks for the Ministry of Provincial Revenue over the next three years include:

External Factors

The state of the economy has important implications on the ability of the ministry to administer and collect tax and debt owed to the government. When the economy is healthy and thriving, there is greater voluntary payment of amounts owed to government. However, during weak economic periods, non-payment of taxes and debt tends to increase.

Changes in trade patterns and flows resulting from an increase in border security present an opportunity for the ministry to capture taxes on goods imported into the Province.

Taxpayers and clients increasingly expect high-quality, responsive services, including 24/7 availability. Managing their expectations will be a challenge.

Developments in information systems present new opportunities for collection, payment and processing of revenues.

Internal Factors

Limited resources available to adopt new systems will drive consideration of alternative service delivery models.

The separation of revenue policy responsibility from revenue administration will require that close working relationships between policy and administration groups be developed.

The government commitment to reduce regulation by 1/3 over the next three years will require a comprehensive review of ministry practices, policies and regulations.

An aging work force and the labour adjustment underway in government will present significant human resource management and performance target challenges.

Government-wide fiscal pressures will challenge the ministry's ability to manage succession and staff development successfully.

Government direction to consolidate revenue collection and develop a corporate accounts receivable system will create management challenges and opportunities.

The increase in recent years of government overdue accounts receivables will have to be reversed.

C. Strategic Shifts

1. **FROM** decentralized collection and multiple accounts receivable system **TO** a centralized corporate accounts receivable system.
2. **FROM** decentralized inconsistent paper based revenue administration practices **TO** centralized, efficient, consistent, electronic based revenue and administrative practices.
3. **FROM** a spending management culture **TO** a performance based culture.
4. **FROM** an organization that reacts to complaints from taxpayers **TO** an organization that seeks to work with taxpayers to resolve issues.

D: Goals, Objectives, Strategies, Performance Measures and Targets

Summary of Goals

Goal 1: Maximize voluntary compliance

Voluntary compliance means taxpayers are taking responsibility to pay their obligations without requiring the ministry to enforce payment. Voluntary compliance is the best means of collecting tax revenue and debt. There are many initiatives the ministry can pursue to improve services and maximize voluntary compliance.

Goal 2: Collection of all outstanding amounts owed to government

When a taxpayer fails to remit amounts owed to government, the ministry undertakes audit and enforcement activities. These activities assist in ensuring amounts owed are collected, deter taxpayers who might otherwise avoid paying, and link directly to Goal 1 as a key factor in increasing voluntary compliance.

Goal 3: Fair, efficient and equitable administration that meets taxpayers' needs

The ministry is committed to meeting taxpayer needs by improving the regulatory and administrative frameworks for tax and debt collection. The ministry will make improvements to ease the administrative burden on taxpayers and to enhance the business climate within British Columbia.

Goal 4: Continuous performance improvement and accountability

With the new ministry's focused mandate, an opportunity exists to strengthen the organization's infrastructure, effectiveness and accountability for its performance.

Goal 5: Highly skilled, motivated and innovative employees

As an organization that wants to continue to excel, the ministry relies on the strength, skills and commitment of its staff. The ministry will be nurturing a learning environment, with staff development focused on key competencies and addressing succession issues.

SUMMARY OF GOALS, OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES by CORE BUSINESS AREAS

Goal 1 – Maximize voluntary compliance

Objectives	Strategies	Performance Measures	Core Business Areas	2001/02 Baselines	2002/03 Targets	2003/04 Targets	2004/05 Targets
Taxpayers and clients obtain accurate and timely information on their obligations	Improve the quality and responsiveness of information to benefit taxpayers and clients	Percentage of on-time payments	Revenue Programs	85%	85%	85%	85%
Maximum use of new electronic technologies to facilitate ease of transactions	Leverage electronic service delivery to provide self-service access to information	Number of annual visitors to websites	Revenue Programs	300,000	320,000	340,000	360,000
Simple, transparent mechanisms and incentives to file information reports and make payment	Increase taxpayer acceptance of their responsibilities to pay tax/debt obligations through improved educational services	Number of audits performed	Revenue Programs	143,500	145,000	147,000	147,000

Goal 2-Collection of all outstanding amounts owed to government

Objectives	Strategies	Performance Measures	Core Business Areas	2001/02 Baselines	2002/03 Targets	2003/04 Targets	2004/05 Targets
Collect an increased net amount annually through audit and enforcement activities	Value of monies received through audit, collection and enforcement activities.	Net return (gross incremental revenue less gross expenditure budget) to the Province over baseline	Revenue Programs	$0	$7,000,000	$26,000,000	$35,000,000
Reduce key overdue accounts receivable ratios	Focus resources on audit function	Annual assessment per auditor	Revenue Programs	$500,000	$510,000	$520,000	$525,000
	Improve collaboration across agencies to pursue joint enforcement activity	Annual account receivable revenue per collector	Revenue Programs	$2,500,000	$2,600,000	$2,700,000	$2,800,000
	Continue to improve collection tools and approaches	Ratio of total government (>90 days) accounts receivable to total government accounts receivable	Revenue Programs and Collection and Loan Management	42%*	45%	42%	40%
		Ratio of overdue tax (>90 days) accounts receivable to total tax accounts receivable	Revenue Programs	45%**	43%	41%	39%

Notes:

* March 31, 2001 baseline as reported by the Office of the Comptroller General.
** Tax (>90 days) accounts receivable is a sub-set of government (>90 day) accounts receivable.

Goal 3 - Fair efficient and equitable administration that meets taxpayers' needs

Objectives	Strategies	Performance Measures	Core Business Areas	2001/02 Baselines	2002/03 Targets	2003/04 Targets	2004/05 Targets
Consolidation of debt administration	Undertake transition of revenue programs across government into ministry	Progress to consolidate the government's accounts receivable programs	Collection and Loan Management	N/A	TBD	TBD	TBD
	Complete the implementation of a corporate accounts receivable systems project.	Develop a corporate accounts receivable system	Ministry	0% of A/R system completed	30% of A/R system completed (design)	60% of A/R system completed (development, testing)	100% of A/R system completed (development, testing)
	Improve the appeals process for administrative fairness and due process	Increase timeliness of appeal process to produce final decisions	Strategic Initiatives and Administration	10.25 months	9.5 months	8.5 months	7.0 months
Reduced legislative and administrative requirements and streamline procedures	Eliminate unnecessary regulatory burden	Reduce regulatory requirements placed on taxpayers to meet government direction	Revenue Programs	16,100 regulatory requirements	15,100 regulatory requirements	13,100 regulatory requirements	10,700 regulatory requirements

Goal 4 – Continuous performance improvement and accountability

Objectives	Strategies	Performance Measures	Core Business Areas	2001/02 Baselines	2002/03 Targets	2003/04 Targets	2004/05 Targets
Continuously improve and simplify work processes	Leverage capacity and economies of scale to increase efficiencies.	Percentage of receipts made electronically	Revenue Programs and Strategic Initiatives and Administration	28%	34%	40%	46%
		Percentage of revenue received electronically	Revenue Programs and Strategic Initiatives and Administration	58%	60%	62%	64%
	Determine if alternative collection vehicles are more cost-effective	TBD	Revenue Programs and Collection and Loan Management	N/A	TBD	TBD	TBD

Goal 5 – Highly skilled, motivated and innovative employees

Objectives	Strategies	Performance Measures	Core Business Areas	2001/02 Baselines	2002/03 Targets	2003/04 Targets	2004/05 Targets
A learning and growth-oriented work environment to attract skilled and motivated employees	Build and invest in staff through the use of learning & development plans that focus on core competencies/skills for the ministry	% of staff with development and learning plans in place	Ministry	NA	50%	80%	95%
Staff composition and succession is managed to ensure the ministry operates effectively	Critical positions are identified and a succession plan exists	% of identified critical positions with succession plan	Ministry	NA	Identify critical positions	50%	100%

E. Consistency with Government Strategic Plan and Premier's Letter to Ministers

Through its service plan, the ministry will be increasing voluntary compliance and audit assessment revenue and collecting outstanding amounts owed to government. MPR also provides support to several *New Era* visions:

- ***Vision 3 — a thriving private sector economy that creates high paying job opportunities* is supported through:**
  - Reducing regulation and administration requirements for businesses and citizens.
  - Elimination and wind-up of *Corporation Capital Tax Act*.
  - Refunds under the International Financial Business (IFB) Tax Refund program for eligible financial institutions and their employees participating in international financial activities in the Greater Vancouver Regional District.
  - Tax credit programs for individuals and corporations.
- ***Vision 5 — better services for children, families and First Nations* is supported through:**
  - Low interest loans under the Property Tax Deferment program, which allows qualifying homeowners to defer the annual property taxes on their homes.
  - The BC Family Bonus and the BC Earned Income Benefit program, which provide tax-free monthly payments to low- and modest-income working families.
  - The Home Owner Grant program, which is available to qualifying homeowners occupying their homes as their principal residence.
  - Financing, tax levy and collection services to regional districts, improvement districts, regional hospital districts and other rural taxing jurisdictions.
  - Administration and collection of consumption taxes for various British Columbia government agencies, municipalities, the Cowichan (Aboriginal) Band, and for 48 individual states and nine provinces under the International Fuel Tax Agreement.
- ***Vision 6 — the fastest growing technology industry in Canada* is supported by ministry's Information Resource Management Plan and:**
  - The development and deployment of electronic services that facilitate the filing and payment of taxes and debts, as well as the delivery of educational information, which expands the knowledge of both government and industry with regard to delivering Internet services to clients.
- ***Vision 10 — Responsible, accountable management of your public resources and tax dollars:***
  - The ministry provides a wide variety of performance measures to provide the public with an understanding of how tax dollars are used to support the services provided to them.

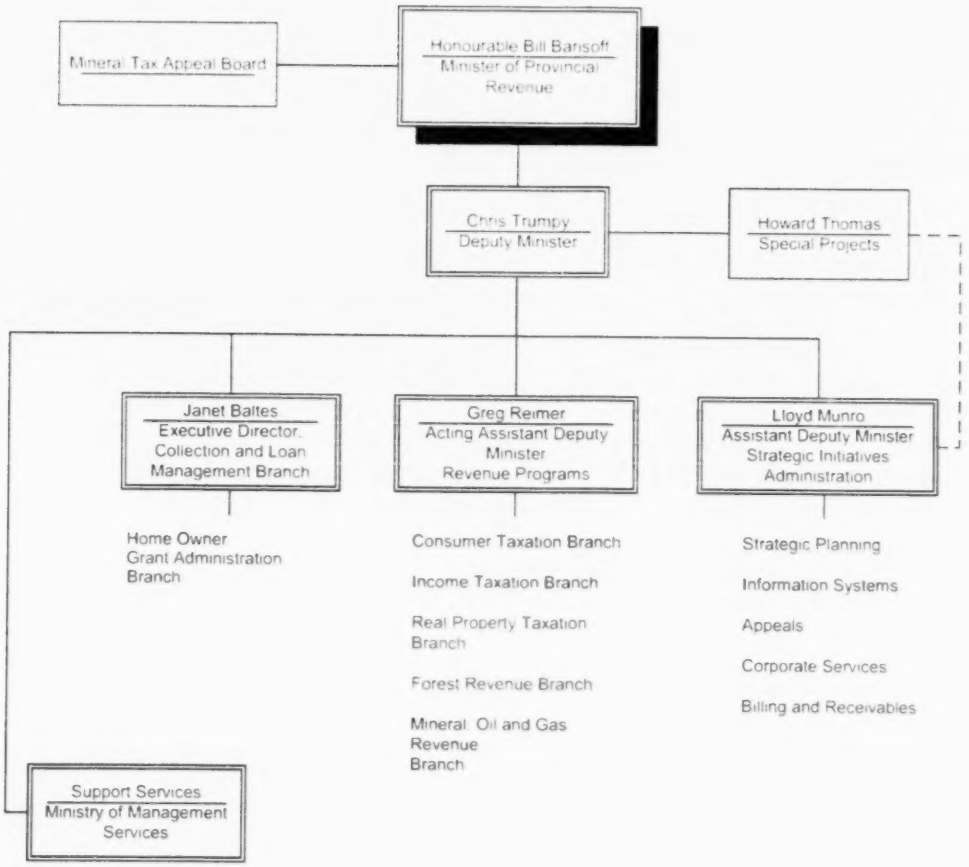
F. Resources

MINISTRY OF PROVINCIAL REVENUE

SUMMARY EXPENDITURE PLAN
Core Business

		2001/02 Restated Estimates	2002/03 Estimates	2003/04 Plan	2004/05 Plan
Operating Expenditures ($000)					
Tax Administration & Collection	Gross	74,450	82,542	84,194	84,552
	Recoveries	-29,216	-37,827	-39,998	-40,875
	Net	45,234	44,715	44,196	43,677
Debt Administration & Collection	Gross	8,391	9,855	10,038	10,038
	Recoveries	-8,390	-9,854	-10,037	-10,037
	Net	1	1	1	1
Home Owner Grant & Provincial Home Acq. Special Acct.		4,562	562	562	562
Gross before Recoveries		**87,403**	**92,959**	**94,794**	**95,152**
Total Recoveries		**(37,606)**	**(47,681)**	**(50,035)**	**(50,912)**
Ministry Total		**49,797**	**45,278**	**44,759**	**44,240**
FTEs					
Tax Administration & Collection		728	800	816	826
Debt Administration & Collection		83	102	102	102
Home Owner Grant & Provincial Home Acq. Special Acct.		6	6	6	6
Total FTEs		**817**	**908**	**924**	**934**
CAPITAL (CRF) ($000)					
Tax Administration & Collection		15,659	10,240	9,808	13,075
Debt Administration & Collection		918	665	665	665
Home Owner Grant & Provincial Home Acq. Special Acct.		3	95	95	95
Total Ministry		**16,580**	**11,000**	**10,568**	**13,835**
FINANCING TRANSACTIONS ($000)					
Tax Administration & Collection	Receipts	694,700	751,910	789,700	819,150
	Disbursements	702,300	755,750	793,500	823,100
	Net	-7,600	-3,840	-3,800	-3,950
Home Owner Grant & Provincial Home Acq. Special Acct.	Receipts	150	150	150	150
	Disbursements	140	140	140	140
	Net	10	10	10	10
Total		**-7,590**	**-3,830**	**-3,790**	**-3,940**

ORGANIZATION CHART



Ministry Overview

On June 5, 2001, the Government of the Province of British Columbia established the Ministry of Provincial Revenue, which performs two main business functions for government:

- Tax administration and collection includes the administration and enforcement of various tax statutes, which are the responsibility of the Minister of Finance, and the administration and management of various royalties, taxes, levies and fees collected under forestry, mineral, oil and gas-related statutes.
- Debt administration and collection includes accounts receivable and loan management services to government.

The ministry administers roughly $9.4 billion in revenue from income, consumption, resource, property and other taxes. In 2001/02 the ministry will recover over $400 million from student loans, BC Benefit overpayments, Medical Services Plan, Ambulance Service and other outstanding debts and receivables. Revenues collected support the delivery of all government programs.

Information Resource Management Plan

The ministry provides a number of standard and complex technology applications to support its internal operations, as well as those branches and program areas delivering services to the public.

Business Drivers

The key drivers of information management and information technology identified by the ministry are:

- The continued need to exercise fiscal restraint in capital requirements;
- The necessity to replace business information systems that no longer meet ministry or government business needs;
- Addressing the strategic directions of the Chief Information Office, particularly government-wide information management, common information technology, infrastructure provision and management, electronic service delivery and staff resources;
- Increased pressure from public for electronic access to information and services;
- Re-engineering of business processes and legacy applications to integrate or link electronic and manual information and business information systems;
- Establishing and managing a ministry-wide technology infrastructure; and
- Cost containment at the operation level and more efficient and effective use of resources.

Because of the number of projects in the ministry and the different technologies available, information systems and program managers must be more concerned with the bridging between technical possibilities and business objectives. There must be a close co-ordination between the information systems and business areas to achieve ministry goals.

Human Resource Management Plan

The Human Resource Management Plan is being developed as resource/budget information is finalized and will be a critical component of ministry's Service Plan under Goal 5.

G. Provincial Revenue Logic Model

The logic model is a way of laying out the design of the ministry in a picture. The model provides an understanding of the ministry and its purposes, without getting caught in detail. By sorting out the intended outcomes of the ministry into a series of if/then statements, it identifies which outcomes are the most important to measure.